

Design-to-launch projects

An end-to-end process perspective for managing
global innovation projects

Dr. J.P. Büchler / Prof. Dr. S. Velesco

Global Business Projects – Lighthouse Workshop



**Fachhochschule
Dortmund**

University of Applied Sciences and Arts

International Research Conference

June 25, 2011

Agenda

1. From design to launch in fast moving consumer goods
2. Disciplined product innovation process
3. Euro MPM: 30 GB: Managing Global Business Projects
4. Personal care (case study)
5. Consumer electronics (case study)
6. Discussion

From design to launch in FMCG

- Dynamics of global competition
- Innovation rates at around 50 % in FMCG
- Shorter product life cycles
- Global roll-out of product launches
- Innovation failure rates at around 50 – 80 %



➤ Integrated and effective management for innovation projects

From design to launch in FMCG

	Collaborate During Concept	Collaborate During Development	Collaborate During Testing & Validation	Collaborate During Launch
R&D/Engineering	86%	86%	79%	50%
Marketing	82%	76%	71%	81%
Sales	37%	38%	51%	83%
Supply Chain	25%	53%	55%	77%
Manufacturing	33%	74%	78%	73%
Finance	55%	60%	53%	62%
Procurement	24%	64%	66%	63%

➤ Cross-functional collaboration is key to excellence in innovation

Source: AMR Research Study 2008

From design to launch in FMCG

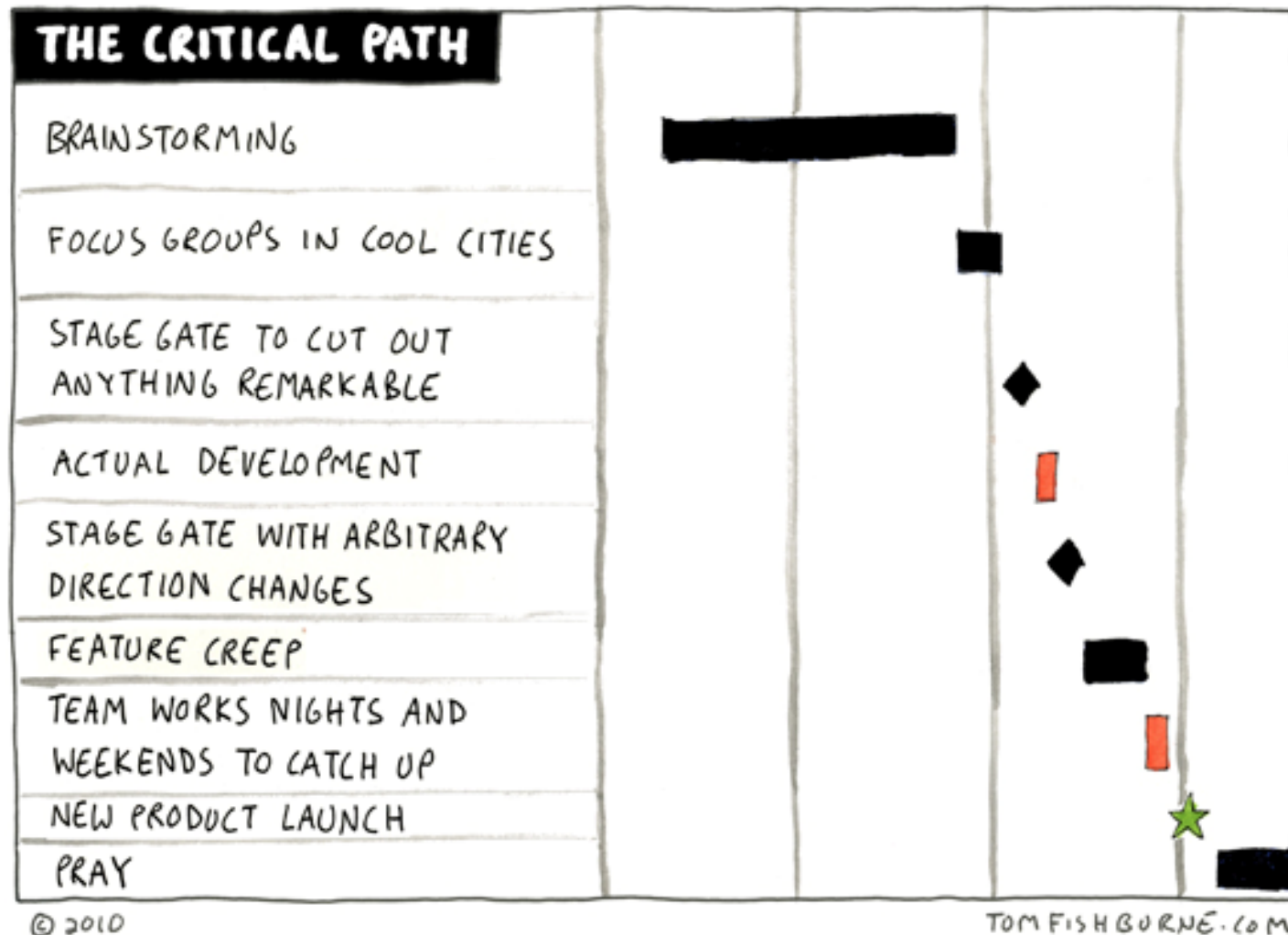
Implications for collaboration across the value chain

- Increased pace of new product introduction paired with more efficient material acquisition
- Increased sales productivity paired with more effective pre- and post-sale customer service
- More flexible global distribution paired with more efficient use of warehouse and transportation costs
- Planning for your own *and your customer's* supply chain paired with improving your planning efficiency

 Disciplined product innovation process required

From design to launch in FMCG

Discussion: What is your project experience?

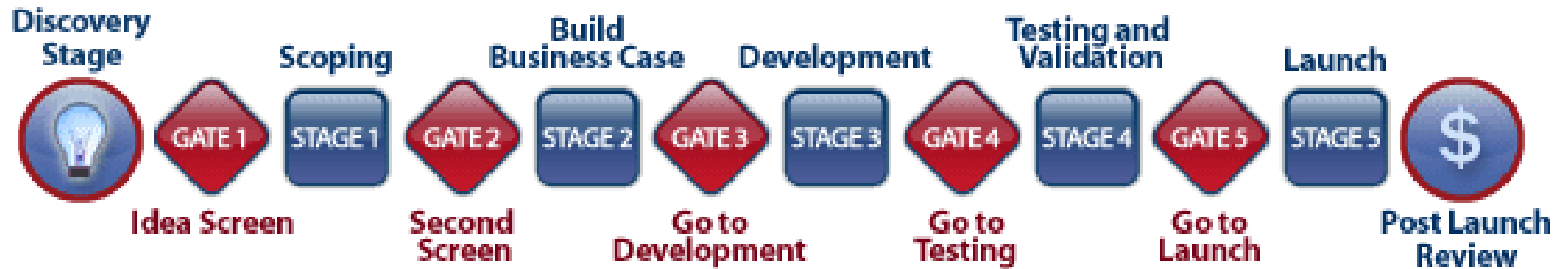


Agenda

1. From design to launch in fast moving consumer goods
2. Disciplined product innovation process
3. Euro MPM: 30 GB: Managing Global Business Projects
4. Personal care (case study)
5. Consumer electronics (case study)
6. Discussion

Disciplined Product Innovation Process

Stage-Gate® system



- Operational road map for moving innovation projects from idea to launch
- Process describing a series of activities (stages) & decision points (gates)
- Cross-functional teams completing prescribed set of related activities

Source: Product Development Institute

Disciplined Product Innovation Process

Stage-Gate[®] system – Stage definition

Stages



- **Activities:** The work the project leader and the team must undertake based upon their project plan.
- **Integrated analysis:** The project leader and team's integrated analysis of the results of all of the functional activities, derived through cross-functional interaction and collaboration.
- **Deliverables:** Presentation of the results of the integrated analysis, which must be completed by the team for submission to the gate.

Source: Product Development Institute

Disciplined Product Innovation Process

Stage-Gate[®] system – Gate definition

Gates

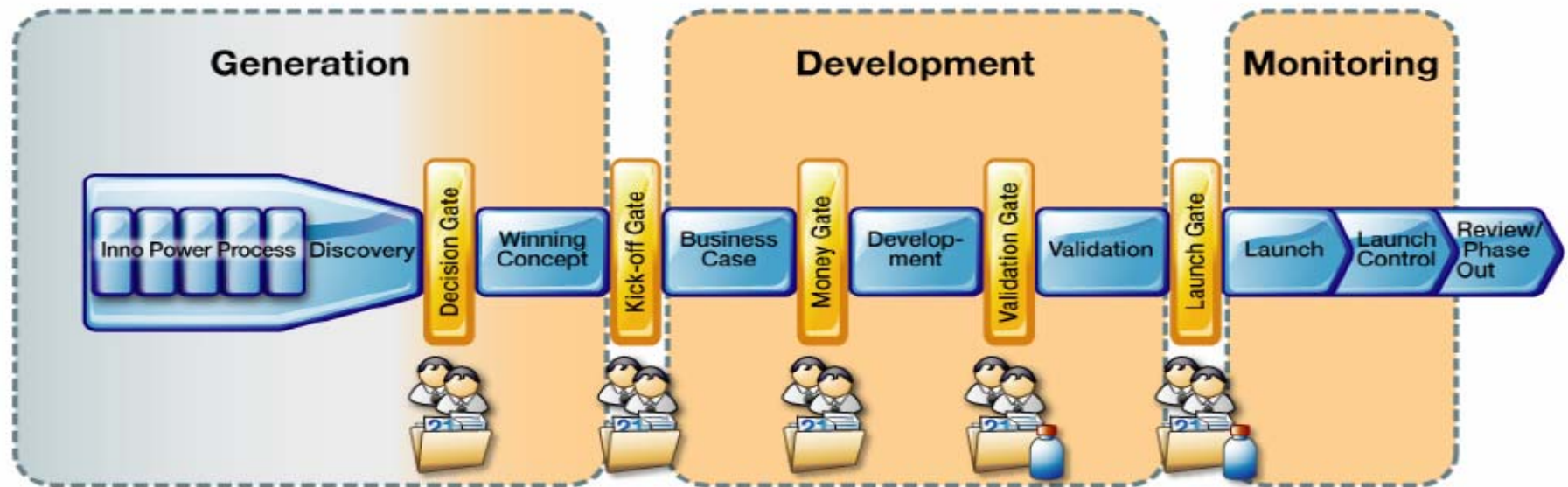


- **Deliverables:** Inputs into the gate review to be delivered by team leader and team.
- **Criteria:** Set of factors to evaluate the project in order to make the go/kill and prioritization decisions.
- **Outputs:** Clearly articulated results of the gate review including: a decision (go / kill / hold / recycle) and a path forward (approved project plan, date and deliverables for the next gate agreed upon).

Source: Product Development Institute

Disciplined Product Innovation Process

Example: Henkel Inno Gate (HIG)



Source: Müller-Kirschbaum 2009

Disciplined Product Innovation Process

Example: P&G's SIMPL[®] Process

Procter&Gamble

The Five Stages:

<u>DISCOVER</u>	<u>DESIGN</u>	<u>QUALIFY</u>	<u>READY</u>	<u>LAUNCH</u>
Promising Consumer Proposition	Integrated Business Proposition	the Initiative	Prepare Market Launch	Execute Market Entry

The Four Gates:

	1	2	3	4
Key Decision	Staff it?	Design complete? Start implementation?	Criteria met? Launch plan agreed?	Ready for launch?
Milestone	Project Establishment	Project Commitment	Launch Plan Agreement	Launch Authorization

Source: Mills, M. (2004): Implementing a Stage-Gate process at Procter&Gamble, Association for Manufacturing Excellence International Conference, Ohio.

Disciplined Product Innovation Process

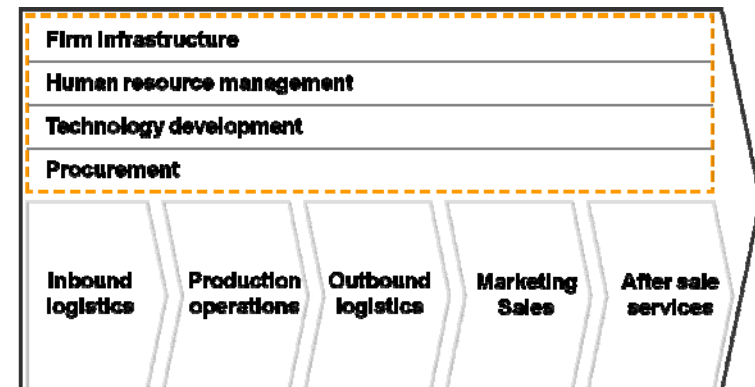
Generic value chain view



Stage-Gate® System

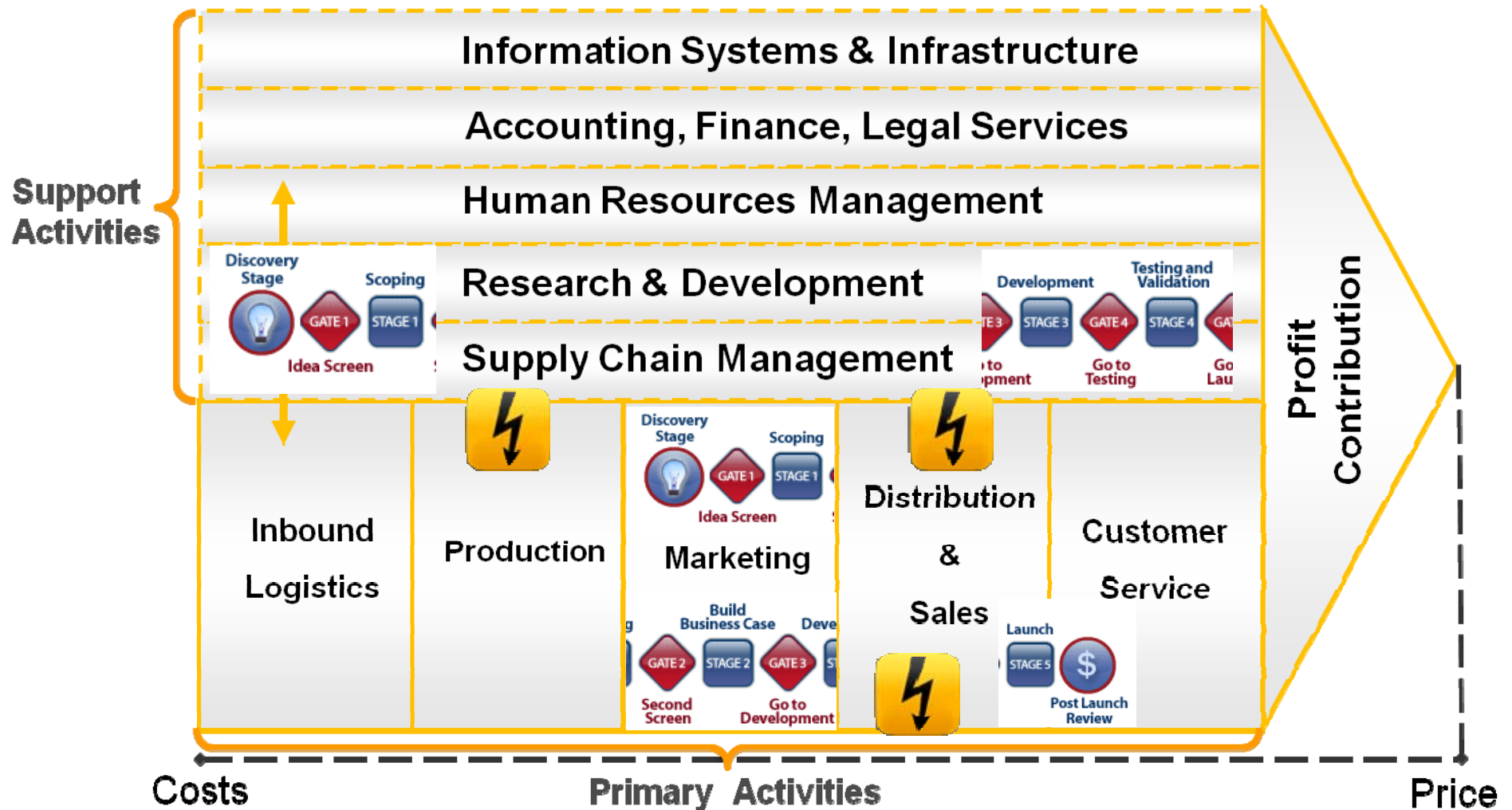


Value Chain



Disciplined Product Innovation Process

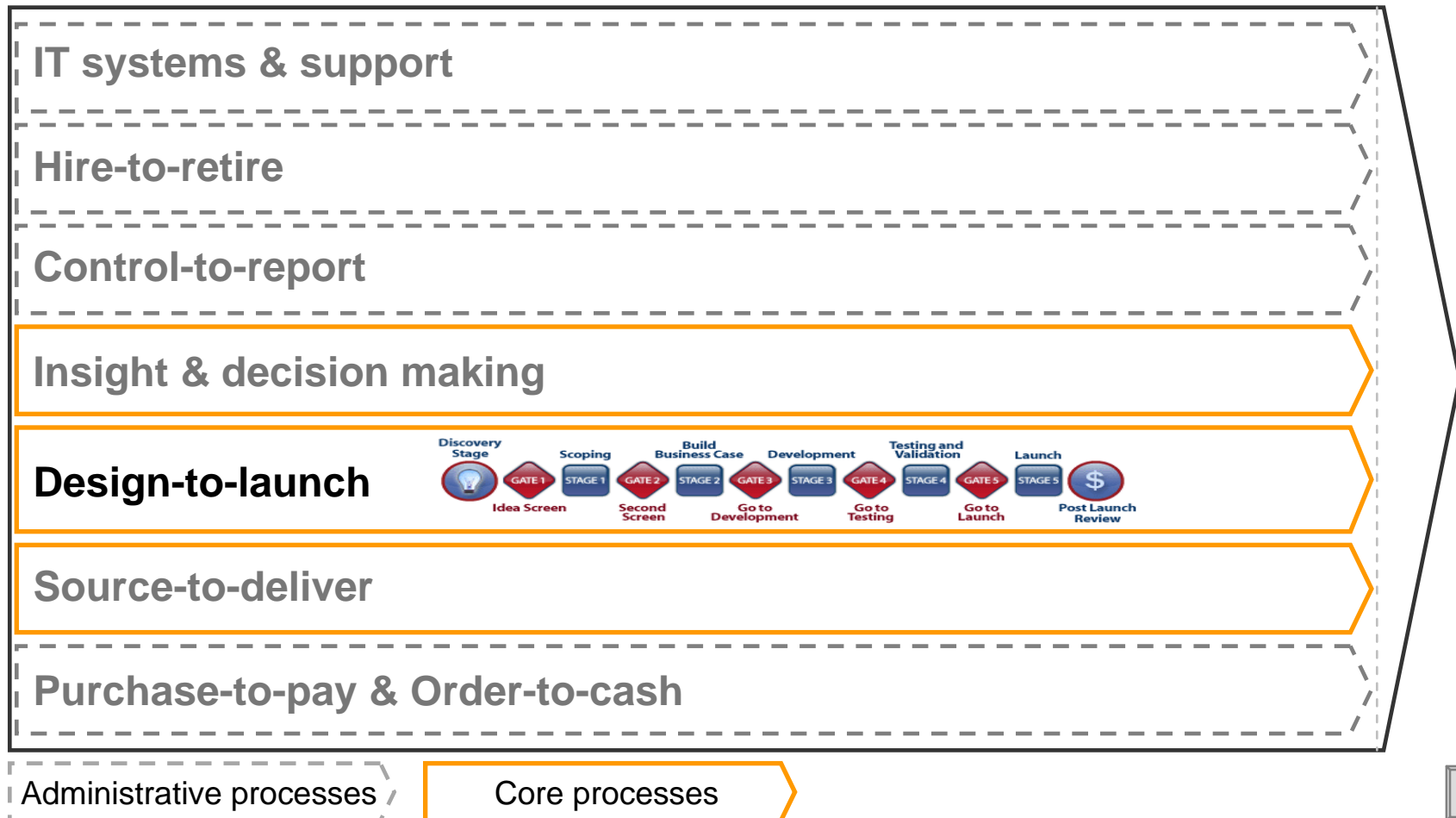
Generic value chain – activity view



Source: Porter (1985) adapted version

Disciplined Product Innovation Process

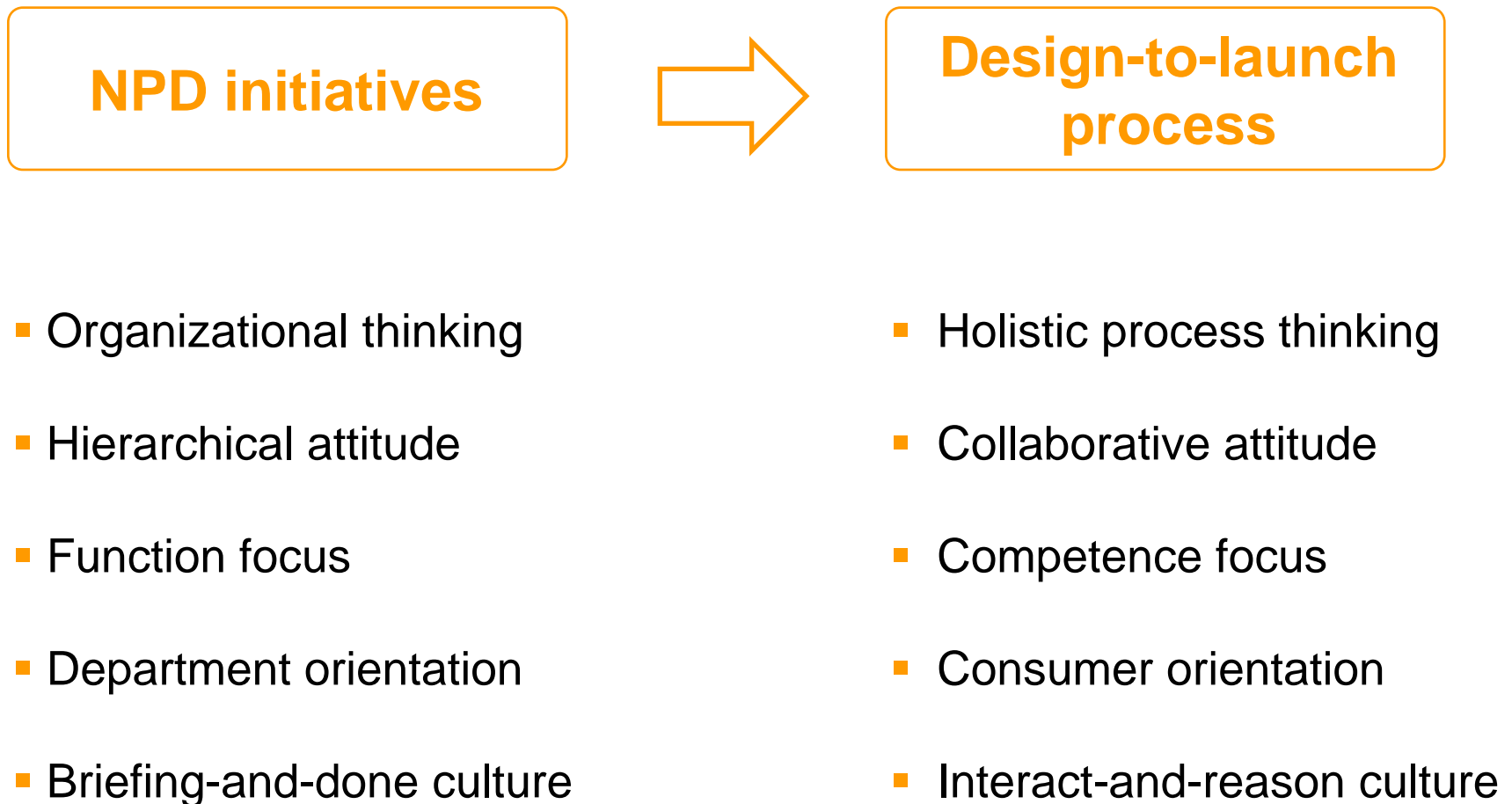
Process view of the value chain



Source: Büchler 2011

Disciplined Product Innovation Process

Implications on culture and organizational mindset



Agenda

1. From design to launch in fast moving consumer goods
2. Disciplined product innovation process
3. Euro MPM: 30 GB: Managing Global Business Projects
4. Personal care (case study)
5. Consumer electronics (case study)
6. Discussion

Course & Project Overview EURO MPM 30 GB

Approach

- Coordinate a project from design-to-launch
- Work in cross-functional teams
- Develop a brand strategy
- Compile a business plan
- Define a 360° launch plan
- Theoretical learning units & practical exercises
- Apply models and tools from project & product management



Course & Project Overview EURO MPM 30 GB

Cross-functional project team

Marketing

- Product concept
- ...
- ...



Supply Chain

- Launch Plan
- ...
- ...



Finance & Controlling

- Business Plan
- ...
- ...



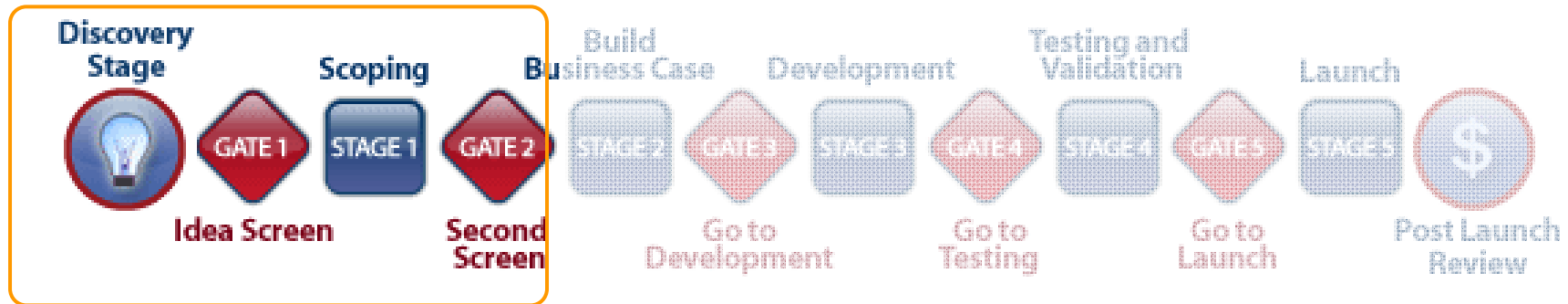
Sales / KAM

- Launch Execution
- ...
- ...

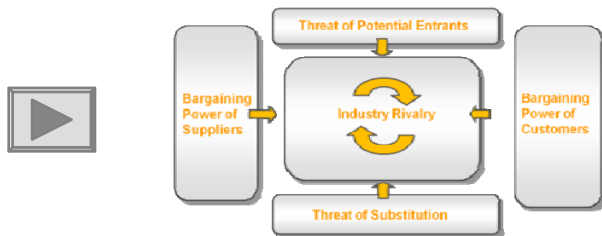


Course & Project Overview EURO MPM 30 GB

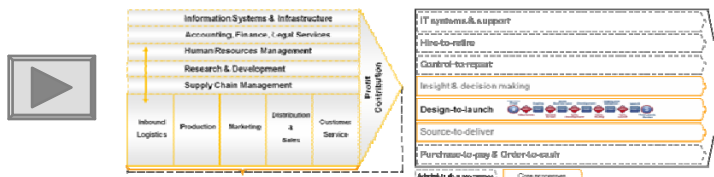
Methods & tools



«Five forces Analysis»



«Value Chain Analysis»

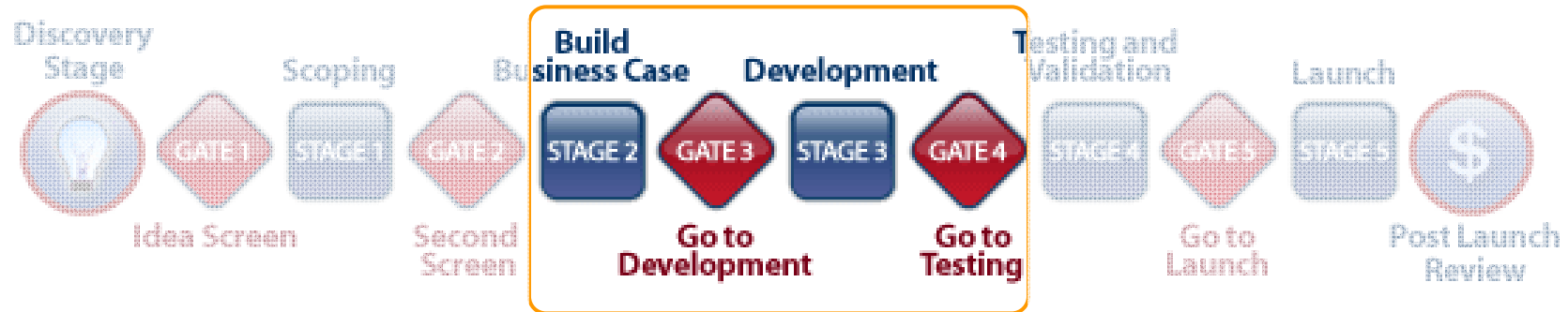


«SWOT Matrix»

Strengths	S1					X	X	X	X	
	S1...					X	X	X	X	X
	S2					X	X	X	X	X
	S2...					X	X	X	X	X
	S3						X	X	X	X
	S3...						X	X	X	X
Weaknesses	W1	X	X							
	W1...	X	X							
	W2	X	X							X
	W2...	X	X							X
	W3	X				X	X		X	X
	W3...	X				X	X		X	X
Opportunities	O1									
	O1...									
	O2									
	O2...									
	O3									
	O3...									
Threats	T1									
	T1...									
	T2									
	T2...									
	T3									
	T3...									

Course & Project Overview EURO MPM 30 GB

Methods & tools



«OGSM»

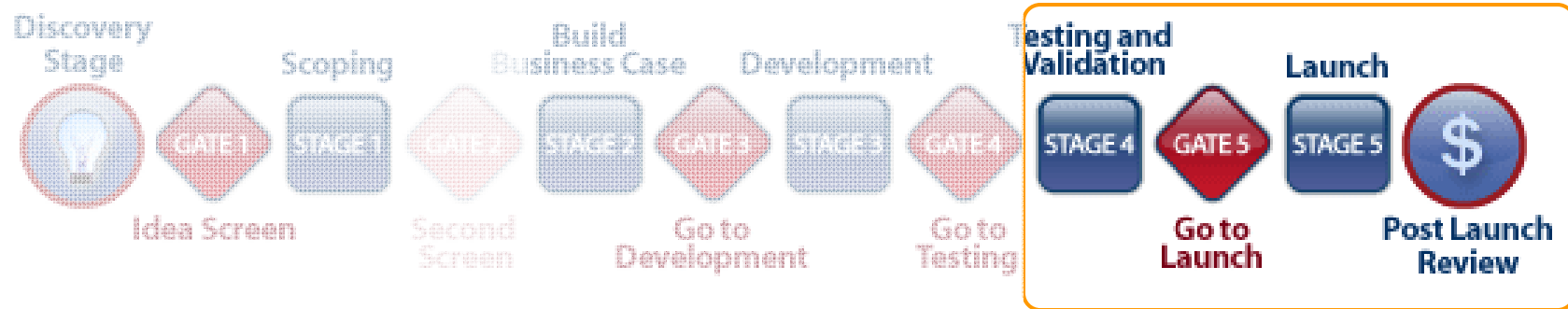
Objectives	Goals	Strategies	Measures

«Business Plan»

BRAND	Input	PY	ACT Y	PLAN Y+1	PLAN Y+2	PLAN Y+2
Market	Size Growth Share					
Pricing	Retail price Net price					
Units	T pieces Growth					
P&L	Net sales Cost of goods Logistic costs Gross profit Marketing budget Net Profit					

Course & Project Overview EURO MPM 30 GB

Methods & tools

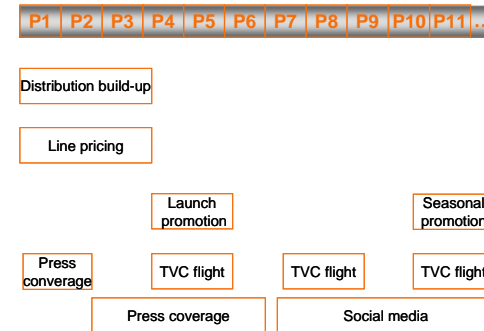


«Ad-hoc research»

KPI	Cluster A		Cluster B		Cluster C	
Dimensions up to purchase intention	Feature 1	Feature 2	Feature 1	Feature 2	Feature 1	Feature 2
Personal relevance	25	45	30	12	11	16
Uniqueness	38	68	45	18	17	24
Innovation	30	12	11	16	25	45
Convenience	50	20	15	18	20	20
Care	27	33	45	22	35	33
Scent	28	20	12	21	33	33
Credibility	30	12	11	16	25	45
Likeability	45	18	17	24	38	68
Purchase intention	41	33	45	22	35	33



«Launch Plan»



Course & Project Overview EURO MPM 30 GB

Launch plan

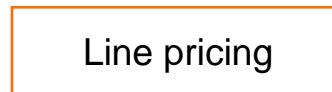
- Launch timing



- Listing / shelf



- Pricing



- Promotion



- Communication



➤ Definition of efficient marketing mix & phasing of launch support

Agenda

1. From design to launch in fast moving consumer goods
2. Disciplined product innovation process
3. Euro MPM: 30 GB: Managing Global Business Projects
4. Personal care (case study)
5. Consumer electronics (case study)
6. Discussion

Personal Care (Case Study)

Details regarding the case study will be announced
at the start of the winter-term (end of september 2011)
to the master class: Euro MPM GB 30

Agenda

1. From design to launch in fast moving consumer goods
2. Disciplined product innovation process
3. Euro MPM: 30 GB: Managing Global Business Projects
4. Personal care (case study)
5. Consumer electronics (case study)
6. Discussion

Consumer Electronics

Consumer electronics goods such as notebooks, tablet PCs, netbooks, smartphones may be classified as **fast moving** consumer goods in opposition to consumer durables or investment goods.



➤ What are the main product launch challenges?

Consumer Electronics

Product Launch Challenges

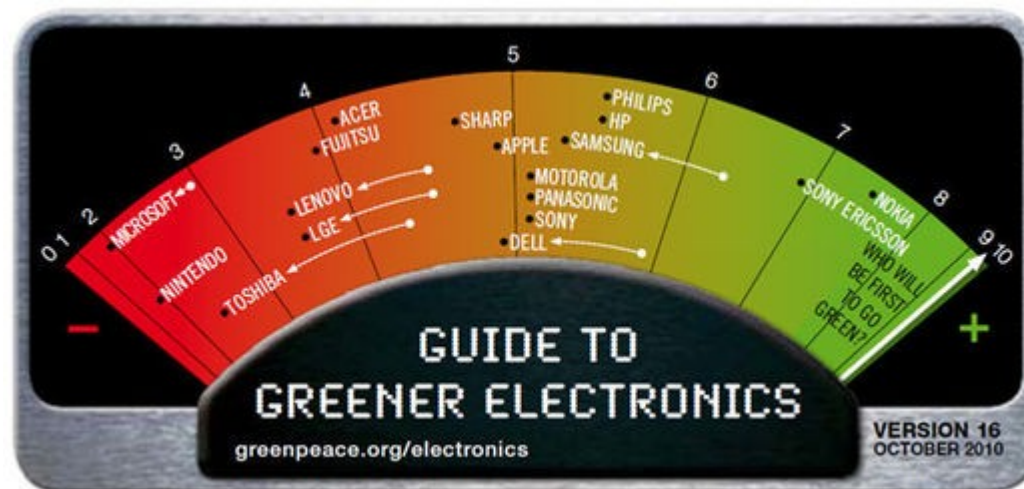
- Differentiation
- Short product life cycle:
 - Fast time-to-market globally
 - High cost pressure

➤ How can consumer electronics products differentiate?

Consumer Electronics

Product Launch Challenges: Differentiation

- Innovation: Tablet, Netbook, 3D, ebook, ...
- Quality: durability, display specs, battery life, ...
- Sustainability: Green product, ...



Consumer Electronics

Product Launch Challenges: Differentiation

Why can differentiation of new consumer electronics products fail?

Consumer perspective:

- Skepticism about performance
- Inability to see the need for the new product and/or satisfaction with the existing product
- Consumer education / behavior change needed

- **How can differentiation & consumer adoption be supported?**
- **Whom do consumers trust?**

Consumer Electronics

Product Launch Challenges: Differentiation

Consumers have the highest degree of trust in

- Recommendations from people known (megatrend social media)
- Third party test results (also voluntary certification)



The first notebook with carbon footprint certificate



Consumer Electronics

Product Launch Challenges: Differentiation

VIDEO

Consumer Electronics

Product Launch Challenges: Short Product Life Cycle

- Can the firm enable fast ramp-up?
- Mandatory product certification – to comply with regulatory requirements in international markets – opportunity for global certification services with local expertise
- Efficient after-sales services from day one – opportunity for global after-sales services with local presence

TUVdotCOM ID

The TUV certificate for quality and safety of approved products and companies.

[More information...](#)



Global Regulatory Planning Increases Global Product Launch Efficiency

Regulatory Requirements, Teamwork and Global Preparedness Must Be In Sync

LIFECYCLE CARE FOR ELECTRONICS



HOME / LIFECYCLE CARE / REPAIR

Global support—on all levels

Agenda

1. From design to launch in fast moving consumer goods
2. Disciplined product innovation process
3. Euro MPM: 30 GB: Managing Global Business Projects
4. Personal care (case study)
5. Consumer electronics (case study)
6. Discussion

Discussion on Case Studies

- Product differentiation by innovation
- Product differentiation by reputation
- Product differentiation by service optimization
- Requirements for design-to-launch processes



Closing Thought



➤ **Design-to-Launch processes are always needed**

Thank you

- Euro MPM 30 GB (Winter 2011/21):
Managing Global Business Projects
- Work on a real business case
- Crack the hard nuts
- Comments on discussion paper
are welcome to:
jan-philipp.buechler@cemsmail.org



Credits & Sources of illustrations and images

- Slide 3: Illustration from <http://thetechnologicalcitizen.com>
- Slide 4: Source: AMR Research Study (2008)
- Slide 6: Source: <http://www.tomfishburne.com>
- Slide 8-10: Source: Product Development Institute (2011)
- Slide 11: Source: Müller-Kirschbaum, T. (2009): Leading in Innovation
- Slide 12: Source: Mills, M. (2004): Implementing a Stage-Gate process at Procter&Gamble
- Slide 13: Illustration from <http://thetechnologicalcitizen.com>
- Slide 18: Illustration from <http://www.die-internetmarketer.de/>
- Slide 19: Illustration from <http://www.iconarchive.com>
- Slide 27: Illustrations from: <http://www.samsung.com> and <http://www.nintendo.com>
- Slide 29: Illustration from <http://www.greenpeace.org/electronics>
- Slide 35: Logo from <http://www.apple.com>
- Slide 36: Illustration from <http://www.cartoonstock.com>
- Slide 37: Photograph from: <http://www.regionalmanagement-tirol.com>